

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUALA 07302 200936Z
ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 IO-13 ISO-00 L-03 FRB-03
OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04
TRSE-00 CIEP-01 CEA-01 /091 W
----- 064782 /20

P R 200642Z DEC 76
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC PRIORITY 5580
INFO AMEMBASSY LONDON
AMEMBASSY GENEVA
AMEMBASSY JAKARTA
AMEMBASSY BANGKOK
AMEMBASSY COLOMBO
AMEMBASSY SINGAPORE

LIMITED OFFICIAL USE KUALA LUMPUR 7302

LONDON FOR THIGPEN

E.O. 11652: N/A
TAGS: UNCTAD, MY
SUBJECT: PAPER UNCTAD MEETING ON RUBBER: TEXT ON ANRPC WORKING

1. SUMMARY. THIS MESSAGE TRANSMITS THE ESSENTIAL ELEMENTS OF ANRPC WORKING PAPER PROPOSED INTERNATIONAL ARRANGEMENTS FOR NATURAL RUBBER WHICH WILL BE PRESENTED BY PRODUCERS AT SUBJECT MEETING. TEXT OF WORKING PAPER BEING AIR POUCHED TO EB/ORF/ICD. END SUMMARY.
2. ANRPC SECGEN HAS PROVIDED US TEXT OF RESTRICTED ANRPC WORKING PAPER WHICH, TOGETHER WITH TEXT OF INTERNATIONAL RUBBER AGREEMENT, WILL BE PRESENTED BY RUBBER PRODUCERS AT UNCTAD PRE-PARATORY MEETING ON RUBBER AT GENEVA, JANUARY 17-21, 1977.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUALA 07302 200936Z

3. ELEVEN PAGE PAPER, COMPRISED OF SEVEN PAGES OF TEXT, TWO TABLES AND TWO FIGURES, IS DIVIDED INTO SIX SECTIONS, AS FOLLOWS: I. INTRODUCTINON. REFERS TO NAIROBI UNCTAD RESOLUTION ON INTEGRATED PROGRAM AND COMMON FUND, NOTES THAT NATURAL RUBBER IS ONE OF KEY COMMODITIES COVERED IN INTEGRATED PROGRAM, AND THAT WORKING PAPER

PUTS CASE FOR NR PRICE STABILIZATION, PROGRESS MADE BY ANRPC AND HOW IT CAN BE DOVETAILED INTO INTEGRATED PROGRAM. II. IMPORTANCE OF NATURAL RUBBER TO WORLD TRADE AND ECONOMY. NOTES INCREASED WORLD TRADE IN NR, CURICAL IMPORTANCE OF SUFFICIENT AND REGULAR SUPPLY OF NR TO CONSUMERS, PARTICULARLY SINCE 1973 ENERGY CRISIS, NOTES THAT NR VITAL TO PRODUCING COUNTRIES IN TERMS GOVERNMENT REVENUE, FOREIGN EXCHANGE EARNINGS AND EMPLOYMENT, REFERS TO TABLES WHICH SHOW GROSS VALUE NR EXPORTS 1973-75, GROSS EXPORTS VOLUME, VALUE AND PRICE NR 1965-75 AND TO FIGURES WHICH SHOW ANNUAL FLUCTUATION NR FOB (NOON) PRICES IN KL MARKET 1965-75 AND MONTHLY FLUCTUATION NR FOB (NOON) PRICES KL MARKET 1972-75, EMPHASIZES THAT MOST CULTIVATORS ARE SMALL-HOLDERS SO THAT ADVERSE PRODUCTION AND PRICE HAS SERIOUS REPERCUSSIONS ON RURAL STABILITY. III. PROBLEMS OF THE NATURAL RUBBER INDUSTRY. NOTES PROBLEMS OF SHORT-TERM PRICE INSTABILITY, LONG-TERM DECLINING PRICE TRENDS AND COMPETITION FROM SR. DECLINING NR PRICE TREND COMPOUNDED BY SHORT-TERM MARKET INSTABILITY WHICH CAUSED BY CHANGES IN SUPPLY AND DEMAND BUT ALSO BY EXCESSIVE SPECULATION. PRICE FLUCTUATIONS ADVERSELY AFFECT LONG-TERM SUPPLY POSITION BECAUSE IT DIFFICULT FOR PRODUCERS TO MAKE RATIONAL LONG-RANGE PRODUCTION AND MARKETING PLANS. VOLATILE PRICES ALSO MINIMIZES NR USAGE VIS-A-VIS SR. THUS FROM BOTH SUPPLY AND DEMAND VIEWPOINT, UNCERTAINTY ADVERSE TO NR. REFERS TO WORLD BANK REPORT ON "PRICE PROSPECTS FOR MAJOR COMMODITIES", NOTING THAT PRICE STABILITY NECESSARY FOR PRODUCERS TO IMPLEMENT DYNAMIC PRODUCTION LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KUALA 07302 200936Z

POLICY TO MEET EXPECTED DEMAND 1980-1995. THUS, SHORT-TERM MARKET INSTABILITY ADVERSELY EFFECTS LONG-TERM NR SUPPLY AND CONSUMER CONFIDENCE IN NR. IV. FORMULATION OF THE INTERNATIONAL NR PRICE STABILIZATION SCHEME. OUTLINES BASIS OBJECTIVES AND MECHANISMS OF INTERNATIONAL NR AGREEMENT REPORTED EARLIER. V. FINANCIAL REQUIREMENTS. MAIN FINANCIAL BURDEN IS NR BUFFER STOCK AND POSSIBLE FINANCING OF NATIONAL STOCKS UNDER SUPPLY RATIONALIZATION. WHILE NATIONAL STOCKS REQUIREMENT CANNOT NOW BE ESTIMATED, COMBINED BUFFER STOCK AND SUPPLY RATIONALIZATION SHOULD TOTAL 250,000 TONS ON YEARLY BASIS WHICH IS EQUIVALENT TO TEN PERCENT OF NR CONSUMPTION IN TIMES OF MARKET DEPRESSION. NATIONAL STOCKS REQUIREMENT COULD INVOLVE FINANCIAL REQUIREMENT LARGER THAN FOR BUFFER STOCK. PRODUCERS DESIROUS OBTAIN FINANCING FROM EXTERNAL AND INTERNATIONAL SOURCES FOR BUFFER STOCK AND NATIONAL STOCKS. THIS UNDERLINES IMPORTANCE OF ESTABLISHING

COMMON FUND SOON SO THAT INTERNATIONAL COMMODITIES
SCHEMES NOT HANDICAPPED PURELY BECAUSE OF LACK
OF FUNDS. VI. CONCLUSION. ANRPC RECONGINZES THAT
PARTICIPATION AND SUPPORT OF CONSUMING COUNTRIES
VITAL TO SUCCESSFUL IMPLEMENTATION OF NR
STABILIZATION SCHEME, THAT ANRPC IN FORMULATING SCHEME
HAS BROUGHT SCHEME TO ATTENTION OF CONSUMERS AND
OTHERS BOTH AT OFFICIAL AND PRIVATE LEVELS AND IN
INTERNATIONAL FORA, INCLUDING UNCTAD AND IRSG WHICH
REVEALED THAT BOTH CONSUMER INTERESTS AND SR PRODUCERS
WELCOME ESTABLISHMENT OF NR SCHEME WITH WHICH THEY WILL
COOPERATE AND SUPPORT. PRODUCERS "WELCOME OPPORTUNITY
FOR CONSUMERS POSSIBLE PARTICIPATION IN SCHEME", AGREEMENT
MEMBERS" ARE READY TO BEGIN NEGOTIATINS WITH
CONSUMING COUNTRIES WITH VIEW TOWARD EVOLVING SCHEME
INTO ONE TO INCORPORATE PARTICIPATION OF
CONSUMING COUNTRIES ON TERMS AND CONDITIONS TO BE
NEGOTIATED AND ACCEPTABLE TO BOTH SIDES." THIS WOULD
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 KUALA 07302 200936Z

NOT ONLY SERVE PURPOSE OF SCHEME BUT WOULD ALSO ENABLE
IMPORTANT ELEMENT OF INTEGRATED PROGRAM TO BECOME REALITY.

4. COMMENT. ANRPC SECGEN SAID THAT PRODUCERS
HOPED THAT DISCUSSION OF SCHEME IN UNCTAD MEETING
WOULD INEVITABLY BE ON "PRINCIPLES" RATHER THAN ON
"DETAILS" WHICH HE FELT COULD MORE USEFULLY BE TAKEN
UP BY CONSULTATIVE GROUP COMPRISED OF THOSE WITH
SUBSTANTIVE INTEREST IN NR, INLCLUDING PRODUCERS,
CONSUMERS, IRSG AND ANRPC.
UNDERHILL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUBBER, COMMITTEE MEETINGS, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUALA07302
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760466-0567
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761229/aaaaaylc.tel
Line Count: 150
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 17 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 MAY 2004 by woolflhd>; APPROVED <02 SEP 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PAPER
TAGS: EPAP, MY, UNCTAD
To: SECSTATE WASHDC LONDON GENEVA JAKARTA BANGKOK COLOMBO SINGAPORE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006